BILL NO. R-80-06-02

R-50-80

RESOLUTION ~~R-80-06-02~~

A RESOLUTION of the City Council of the City of Fort Wayne expressing its intent to issue mortgage-backed housing revenue bonds to finance residential dwelling units for the housing of persons of low and moderate income.

WHEREAS, Indiana Code 5-20-1-1 et seq. (Public Law 28 of the Acts of 1978, the "Act") permits the issuance of mortgaged-backed revenue bonds (the "Bonds") by municipalities in the State of Indiana (the "State") in order to finance the construction, rehabilitation and/or acquisition of residential dwelling units for persons of low and moderate income.

WHEREAS, the Council finds that the provision of safe, sanitary and decent housing which persons of low and moderate income can afford is in the best interest of preserving and improving the economic viability and social well-being of the City of Fort Wayne (the "City"), and

WHEREAS, the Council desires to facilitate the issuance of such bonds by the City pursuant to the Act for such purposes and desires hereby to demonstrate its intent to do the same.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FORT WAYNE, INDIANA:

SECTION 1. There is a shortage of safe, sanitary and decent housing within the City which persons of low and moderate income can afford.

SECTION 2. This shortage is not transitory and self-curing and private enterprise and investment cannot economically achieve the needed construction and rehabilitation of such safe, sanitary and decent housing at this time.

SECTION 3. The cost of financing the construction, rehabilitation and purchase of safe, sanitary and decent housing by private enterprise is now a major factor affecting the supply of such housing for persons of low and moderate income.

SECTION 4. The issuance of bonds to finance such housing will substantially lower the cost of providing safe, sanitary and decent housing within the City, revitalize potentially decadent and blighted urban areas and contribute to the City's tax base.

SECTION 5. The issuance of bonds as provided herein and by the Act is a valid public purpose for which public money may be spent for the benefit of the City and its low and moderate income residents.

SECTION 6. In order to provide for the implementation of a residential mortgage revenue bond program (the "Program") the bonds are to be issued in one or more series, the initial series to be issued in an amount not to exceed $26,000,000.00.

SECTION 7. The staff of the City, including but not limited to the Controller and the Department of Community Development and Planning, is authorized and directed to determine the appropriate alternative methods of structuring the Program and begin the initial preparation of materials and documents for the development of the Program and the issuance of bonds to provide for safe and sanitary residential housing as provided in the Act.

COUNCILMAN

APPROVED AS TO FORM AND
LEGALITY JUNE , 1980

John E. Hoffman
JOHN E. HOFFMAN
City Attorney

Read the first time in full and on motion by ____________________, seconded by ____________________, and duly adopted, read the second time by title and referred to the Committee ____________________ (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on ____________________, the ____________________ day of ____________________, 19____, at ____________ o'clock ____ M.,E.S.T.

DATE: ____________

____
CHARLES W. WESTERMAN
CITY CLERK

Read the third time in full and on motion by Stier, seconded by Eisbart, and duly adopted, placed on its passage. PASSED ~~(LOST)~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	6	0		3	
BURNS	X				
EISBART	X				
GiaQUINTA	X				
NUCKOLS	X				
SCHMIDT, D.				X	
SCHMIDT, V.				X	
SCHOMBURG	X				
STIER	X				
TALARICO				X	

DATE: 6-12-80

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as ~~(ZONING MAP) (GENERAL) (ANNEXATION) (SPECIAL)~~ ~~(APPROPRIATION) ORDINANCE~~ (RESOLUTION) No. R-50-80 on the 12th day of June, 19 80.

ATTEST: (SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

John Nuckols
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 12th day of June, 19 80, at the hour of 7 o'clock P.M M.,E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 13th day of June 19 80, at the hour of 11:15 o'clock A M.,E.S.T.

[illegible signature] Jr
WINFIELD C. MOSES, JR.
MAYOR

Municipal Information Memorandum

The Facts Behind Single Family Mortgage Revenue Bonds

Security

The security behind the bonds is comprised of:

- Mortgage payments from a portfolio of credit worthy homeowner mortgages which are originated and serviced by approved lending institutions who must maintain usual credit standards;
- Five or more different insurance policies;
- Reserve funds, two of which are provided from bond proceeds and the third accumulated out of the excess of revenues over debt service and expenses. As a result of the aforementioned, the bonds are usually rated "AA" by Moody's and Standard & Poor's.

Purpose

This type of bond issue provides reduced rate mortgage money to specific mortgage lenders (i.e. banks). The rate is lower than the usual mortgage rate, because the mortgage money is raised from tax exempt municipal bond issues. Thus, even though the mortgage lenders may be taking originating and servicing fees for placing and policing the loans, the total cost to the home buyer is still cheaper than the market rate. As a result, there has been a great demand for this reduced rate mortgage money. But, funds are generally limited to low and moderate income families, as defined for each bond issue, who live in specified geographical areas.

Mechanics

The money from each bond issue generally is used to:

- Purchase the insured mortgages which the predetermined mortgage lenders originate. The mortgage lenders do not make loans that do not meet their usual credit standards. Thus, the individual rates of mortgage default for each individual lender should not appreciably change. These loans are to be serviced by the original lender who receives a servicing fee. This fee is part of the spread differential between the original total interest cost of the bonds and the mortgage rate to the home buyer.
- Provide reserve funds for the bond holders.
- Pay costs of issuance.

Commitment of the Mortgage Lenders

In order for the mortgage lenders to participate, each one will be required to submit a secured letter of credit or pay commitment fees. As Mortgage Loans are committed and closed, the letter of credit is reduced pro-rata or commitment fees are reimbursed pro-rata. If the requested amount of mortgage money is not utilized in a specified amount of time, the mortgage lenders will be penalized on a pro-rate basis. These procedures enable Hutton to properly size the reserves and the total bond issue.

Reserve Funds

- Mortgage Reserve Fund. This is funded from bond proceeds and is to equal 1% of the unpaid principal amount of Mortgage Loans. This money can be used for paying debt service or redeeming bonds when other funds are not available.
- Capital Reserve Fund. This is also funded from bond proceeds and is usually at least equal to the outstanding maximum debt service. Moneys in this Fund are used for debt service only when the Mortgage Reserve Funds are exhausted.
- Accumulation Reserve Sub-Account in the General Account. This money generally is accumulated out of the excess of revenues over debt service and expenses. Often this reserve may accumulate up to 1% of the unpaid principal amount of all outstanding Bonds. This money may be used to make up deficiencies in the general account.

Insurance Policies

- Mortgage Guaranty Insurance. This policy secures loans which are made in excess of 80% of the appraised value of the property. The bank or lender must buy this policy from a reputable insurer. This policy, upon foreclosure of a mortgage loan, will cover any losses in excess of 72% of the original appraised value of the property.

- Mortgage Trust Insurance. This policy, upon foreclosure of a mortgage loan, will cover 100% of any losses remaining after foreclosure and payments received on the Mortgage Guaranty Insurance policy. The aggregate limit of liability is an amount equal to 10% of the initial principal balance of all Mortgage Loans in the portfolio.

- Standard Hazard Insurance. This policy provides extended coverage due to fire and certain other specified hazards. The prospective home buyer is required to maintain this coverage on the mortgaged property. This amount must equal either the value of the property or the balance due on the mortgage.

- Special Hazard Insurance. This policy provides protection in the event of a flood, earthquake, or other events not covered in standard Hazard Insurance. The maximum payable under this policy is either 1% of the original principal amount of the loans or two times the principal amount of the largest mortgage purchased, whichever is greater.

- Mortgage Servicer Performance Bond. Mortgage lender's servicing obligations are insured by an insurance company in the event a mortgage lender improperly services the mortgages or goes into bankruptcy. The limit of the policy is 5% of the outstanding principal amount of the Mortgage Loans being serviced.

- Errors and Omissions Insurance. This policy is the back-up policy which will still cover some losses in the event that the bank or lender fails to require the home buyer to maintain the various prescribed insurance policies.

Now that you have the facts behind the Single Family Mortgage Revenue Program, here are answers to some important questions you may have regarding the particulars of this exciting new financing vehicle.

Is the credit of the city or the issuer behind the Bonds?

A. No. The issuer is not obligated as to either interest or principal on the Bonds.

What about the banks and mortgage lenders, do they stand behind the Bonds?

A. No. They are not obligated either.

Then, who does secure the Bonds?

A. The security behind the Bonds is all the mortgages made under this program in the City, along with the insurance policies and reserve funds. Thus far, the national rating agencies have rated this type of Bond "AA", which is one of the highest investment grades available.

Do borrowers have to pay "points" or fees beyond the usual practice to get one of these low cost mortgages?

A. No. Borrowers will have to pay the ordinary costs of appraisal, other processing costs and the same amount of "points" as regularly charged.

How much will a borrower save with one of these mortgages?

A. That depends upon the state of interest markets and other factors, including the size and length of the loan. Using the Chicago Issue as an example where the regular mortgage rate was about 10%, the low interest mortgages were issued at 7.99%. To a homeowner with a 30 year mortgage of $60,000 the savings is about $85 a month, or slightly over a $1,000 a year. For the length of a 30 year mortgage, that is a savings of $30,000.

How can the banks or mortgage lenders make 7.99% loans in a 10% market?

A. Easy. A particular City issues tax exempt municipal bonds to raise the money. This means that the interest paid on these bonds is not taxable to the people who buy them. Because the interest is tax free to these buyers, they are willing to accept a lower rate of interest. Thus, the money is obtained for a cheaper cost, and the lower interest rate can then be passed on to the home buyer even after insurance premiums and servicing fees.

5-20-1-23. **Authority assets; disposition upon termination or dissolution.** — The authority shall fund its operating costs from the net revenues derived from the operation of the programs under section 4 [5-20-1-4] of this chapter. No part of the revenues or assets of the authority shall inure to the benefit of or be distributable to its members or officers or other private persons. Any net earnings of the authority beyond that necessary for retirement of authority indebtedness or to implement the public purposes of this chapter shall inure to the benefit of the state. Upon termination or dissolution, all rights and properties of the authority shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. [IC 5-20-1-23, as added by Acts 1978, P.L. 28, § 1, p. 781.]

5-20-1-24. **Provisions of this chapter deemed to be supplemental powers to other laws.** — This chapter [5-20-1-1 — 5-20-1-26] shall be deemed to provide an additional and alternative method for the performance of the activities authorized by this chapter, and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing. However, the issuance of bonds or notes under this chapter need not comply with the requirements of any other law applicable to the issuance of bonds or notes. [IC 5-20-1-24, as added by Acts 1978, P.L. 28, § 1, p. 781.]

5-20-1-25. **Liberal construction.** — This chapter [5-20-1-1 — 5-20-1-26], being necessary for the prosperity of the state and its inhabitants, shall be liberally construed to effect its purposes. [IC 5-20-1-25, as added by Acts 1978, P.L. 28, § 1, p. 781.]

5-20-1-26. **Chapter controlling.** — Insofar as the provisions of this chapter [5-20-1-1 — 5-20-1-26] are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this chapter shall be controlling. [IC 5-20-1-26, as added by Acts 1978, P.L. 28, § 1, p. 781.]

Effective Dates. Acts 1978, P.L. 28, § 3 declared an emergency and provided an effective date of June 1, 1978.

CHAPTER 2

FINANCING OF HOUSING

5-20-2-1. Legislative findings — Purpose. — It is hereby found and declared that in this state there is a shortage of decent, safe and sanitary housing that most people can afford; that the shortage of such housing is a threat to the health, safety, morals and welfare of Indiana residents and is not transitory and self-curing; that the cost of financing such housing is a major and substantial factor affecting the supply and cost of decent, safe and sanitary housing built by private enterprise; that the purpose of this chapter is to provide a means of lowering the cost of financing ownership by Indiana residents of decent, safe and sanitary housing; that such financing of residential ownership will (a) provide for and promote the public health, safety, morals, and welfare, (b) stimulate construction of new housing and remodeling and improvement of existing housing, thereby relieving conditions of unemployment and encouraging the increase of industry and commercial activity and economic development so as to reduce the evils attendant upon unemployment, (c) assist low and moderate income people in acquiring and owning decent, safe and sanitary housing which they can afford, (d) promote the integration of families of varying economic means, and (e) preserve and increase the ad valorem property tax base in this state; that the foregoing are public purposes; and that the necessity for the provisions of this chapter is a matter of legislative determination. [IC 5-20-2-1, as added by Acts 1979, P.L. 47, § 1.]

Effective Dates. — Acts 1979, P.L. 47, § 2, declared an emergency. Approved April 9, 1979.

5-20-2-2. Definitions. — As used in this chapter, each of the following shall have the meaning indicated unless a different meaning clearly appears from the context:

(1) "Bonds" means the revenue bonds authorized to be issued under this chapter and includes notes and any and all other limited obligations of a municipality payable as provided in this chapter;

(2) "Executive officer" means the mayor of a city or president of the board of town trustees;

(3) "Governing body" means the common council of a city, the city-county council of a consolidated city, or board of town trustees of a town;

(4) "Home" means real property and improvements thereon constructed for human habitation, located within the municipality, consisting of not more than four [4] units, and owned by one [1] mortgagor who occupies or intends to occupy one [1] of such units;

(5) "Home mortgage" means an interest bearing loan for not to exceed thirty [30] years to a mortgagor for the purpose of purchasing or improving a home, evidenced by a promissory note and secured by a mortgage on this home, but shall not include a loan primarily for the purpose of refinancing an existing loan;

(6) "Lending institution" means any bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker, or other financing institution or

governmental agency which customarily provides service or otherwise aids in the financing of mortgages on single family residential housing or multifamily residential housing, which institution is located in the county in which the municipality is located, or any holding company for any of the foregoing;

(7) "Mortgagor" means an individual, or two [2] or more individuals acting together, who have received a home mortgage under this chapter;

(8) "Recording officer" means the clerk or clerk-treasurer of a municipality;

(9) "Municipality" means a city or town. [IC 5-20-2-2, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-3. Application of chapter. — This chapter applies to consolidated cities; cities of the first, second, or third class; and towns with a population according to the most recent federal decennial census of twenty thousand [20,000] or more. [IC 5-20-2-3, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-4. Income limits. — (a) The governing body shall establish by ordinance an aggregate acceptable income amount for the year immediately preceding the calendar year in which a mortgage is requested, for the mortgagor and all individuals, except minor children of the mortgagor, who intend to reside with the mortgagor in one [1] dwelling unit. The purpose of this aggregate acceptable income amount is to limit the assistance provided by this chapter to individuals of low and moderate income.

(b) The governing body may consider the following factors before it adopts the ordinance provided in subsection (a) of this section:

(1) The portion of total income of a person that is available to meet housing needs;

(2) The number of persons that may share a residential dwelling unit;

(3) The cost and condition of available housing; and

(4) The amount of income required to obtain and pay for decent, safe, and sanitary housing in the regular private housing market.

(c) Mortgage loans under this chapter are limited to persons having adjusted gross income for Indiana individual income tax purposes of low and moderate income; provided at least ninety percent [90%] of the value of home mortgages made from any issue of bonds will be made with respect to mortgagors whose adjusted family income does not exceed one hundred percent [100%] of the median income of all families residing within the metropolitan area of the municipality as determined by the governing body. For the purpose of determining the income of a person who was not a resident of the state of Indiana for the prior taxable year, the person's adjusted gross income shall be computed as if he were a resident of the state of Indiana for the prior taxable year. [IC 5-20-2-4, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-5. Other limitations. — (a) Bonds shall not be issued under this chapter for home mortgages if at the time of issuance and delivery there remains unexpended or uncommitted more than five percent [5%] of the net

proceeds of a prior bond issue under this chapter for mortgages on homes located in the same area.

(b) Bonds shall not be issued under this chapter for home mortgages in an amount in excess of twenty-five percent [25%] of the average annual amount of mortgage lending in the municipality in the most recent three [3] year period for which the governing party shall by ordinance determine from the Home Mortgage Disclosure Act, Public Law 94-200 [12 U.S.C. §§ 2801 — 2809].

(c) No mortgage may exceed a loan to value ratio of eighty percent [80%] unless insured down to eighty percent [80%].

(d) An individual mortgagor may not receive a home mortgage under this chapter in a principal amount of over eighty thousand dollars [$80,000].

(e) No bonds may be issued under this chapter without consent of state housing finance authority. [IC 5-20-2-5, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-6. Administration of bond proceeds. — In cities, the mayor shall designate a trustee institution to administer the proceeds of bond issues under this chapter; in towns, the designation shall be made by the governing body. All lending institutions may participate under this chapter. The proceeds of each bond issue shall be apportioned as provided in this section by the trustee institution among all lending institutions that choose to participate. Those institutions that choose to participate shall furnish the trustee with copies of their submission under the Home Mortgage Disclosure Act during the preceding three [3] years.

(1) For the most recent calendar year for which this information is available, the trustee institution shall compute the percentage that each participating lending institution's total amount of mortgages for homes located in the county bears to that same total amount for all participating lending institutions; this percentage figure is the participating lending institution's percentage share of the proceeds of bonds to be apportioned to it by the trustee institution.

(2) The participating institutions must certify to the trustee that the proceeds will be used as required by the act, and that the institution will attempt to maintain the same proportion of dollar volume of all mortgage loans within the city during the calendar year in which the proceeds are distributed as in the preceding year. The trustee institution may, in its discretion, reapportion any unused bond proceeds among the participating lending institutions either:

(A) Six [6] months after funds are first apportioned to participating lending institutions for mortgage lending purposes; or

(B) After seventy-five percent [75%] of the bond proceeds designated for mortgage acquisition have been used. [IC 5-20-2-6, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-7. Powers of municipalities. — A municipality to which this chapter applies has all powers necessary to accomplish the purposes of this chapter including, but not limited to, the power:

(1) To purchase, contract and enter into advance commitments to purchase, home mortgages owned by lending institutions at such prices and upon such other terms and conditions as shall be determined by the municipality, to make and execute contracts with one [1] or more lending institutions for the origination and servicing of home mortgages, and to pay the reasonable value of services rendered under those contracts;

(2) To make loans to lending institutions under terms and conditions which, in addition to other provisions as determined by the municipality, shall require the lending institutions to use substantially all of the net proceeds thereof, directly or indirectly, for the making of home mortgages in an aggregate principal amount substantially equal to the amount of such net proceeds;

(3) To establish, by rules or regulations, in any ordinance relating to the issuance of bonds or in any financing documents relating to such issuance, such standards and requirements applicable to the purchase of home mortgages from or the making of loans to lending institutions as the municipality deems necessary or desirable, including but not limited to:

(A) The time within which lending institutions must make commitments and disbursements for home mortgages;

(B) The location and other characteristics of homes to be financed by home mortgages;

(C) The terms and conditions of home mortgages to be acquired;

(D) The amounts and types of insurance coverage required on homes, home mortgages and bonds;

(E) The representations and warranties of lending institutions confirming compliance with such standards and requirements;

(F) Restrictions as to interest rates and other terms of home mortgages or the return realized therefrom by lending institutions;

(G) The type and amount of collateral security to be provided to assure repayment of any loans from the municipality and to assure repayment of bonds; and

(H) Any other matters relating to the purchase of home mortgages or the making of loans to lending institutions as shall be deemed relevant by the municipality;

however, no lending institution shall charge and retain an origination fee in excess of three percent [3%] of the principal amount of any such home mortgage;

(4) To require from each lending institution from which home mortgages are purchased or to which loans are made the submission, at the time of the purchase or loan, of evidence satisfactory to the municipality of the ability and intention of the lending institution to make home mortgages, and the submission, within the time specified by the municipality for making disbursements for home mortgages, of evidence satisfactory to the municipality of the making of home mortgages and of compliance with any standards and requirements established by the municipality;

(5) To issue bonds to defray, in whole or in part:

(A) The costs of purchasing, or funding the making of home mortgages;

(B) The costs of studies and surveys, insurance premiums, underwriting fees, legal, accounting, and marketing services incurred in connection with the insurance and sale of bonds, including bonds and interest reserve accounts and trustee, custodian and rating agency fees; and

(C) Those other costs that are reasonably related to (A) and (B);

(6) To sell or otherwise dispose of any home mortgages, in whole or in part, or to loan sufficient funds to any person to defray, in whole or in part, the costs of purchasing home mortgages, so that the revenues and receipts to be derived with respect to the home mortgages, together with any insurance proceeds, reserve accounts and earnings thereon shall be designed to produce revenues and receipts at least sufficient to provide for the prompt payment at maturity of principal, interest and redemption premiums, if any, upon all bonds issued to finance these costs;

(7) To pledge any revenues and receipts to be received from any home mortgages or other sources provided in this chapter to the punctual payment of bonds authorized under this chapter, and the interest and redemption premiums, if any, thereon;

(8) To mortgage, pledge or grant security interests in any home mortgages, notes or other property in favor of the holder or holders of bonds issued therefor;

(9) To sell and convey any home mortgages for those prices and at those times that the governing body determines;

(10) To issue its bonds to refund in whole or in part at any time bonds previously issued by the municipality under this chapter, including, without limitation, interest to maturity or earlier redemption date, redemption premiums and costs of the type enumerated in clause (5) of this section; and

(11) To make and execute contracts and other instruments necessary or convenient to the exercise of any of the powers granted in this chapter. [IC 5-20-2-7, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-8. Bond generally. — (a) Bonds shall not be issued under this chapter unless these bonds are rated "A" or better by one [1] of the nationally recognized rating agencies or unless these bonds are sold in a transaction not involving any public offering within the meaning of Section 4(2) of the Securities Act of 1933 [15 U.S.C. § 77(d)], as amended, and rules and regulations thereunder.

(b) The exercise of any or all powers or the issue of bonds under this chapter shall be authorized by ordinance of the governing body. Notwithstanding any law to the contrary, this ordinance may be adopted at the same meeting at which it is introduced and it shall take effect immediately upon adoption. Any ordinance authorizing bonds shall be adopted only after the governing body has held a public hearing of the proposed financing after giving not less than five [5] days notice by publication in at least one [1] newspaper of general circulation in the municipality. This ordinance shall also set forth a legislative finding and declaration of the public purpose of the bond issue and that the ordinance is being enacted pursuant to the powers granted by this chapter. No action to contest the validity of any bonds may commence more than thirty [30]

days following the adoption of the ordinance approving the bonds. However, if authorized by ordinance, any officer of the municipality may bring an action under IC 34-4-17 [34-4-17-1 — 34-4-17-8] or file a petition under IC 18-1-1.5-28 within this thirty [30] day period to determine the validity of any bonds or any agreements in connection with them. In this proceeding, no bond need be filed by the petitioner or plaintiff unless requested by the municipality, and any judgment shall be final unless appealed within thirty [30] days after entry of the judgment.

(c) The bonds shall bear interest at the rate or rates, may be payable at the times, may be in one [1] or more series, may bear the date or dates, may mature at the time or times not exceeding forty [40] years from their respective dates, may be payable in the medium of payment at the place or places, may carry the registration privileges, may be subject to the terms of redemption at the premiums, may be executed in the manner, may contain the terms, covenants and conditions, may be in the form either coupon or registered, and may bear the name that the ordinance or trust indenture securing the bonds provides. The bonds may be sold at public or private sale in a manner and upon the terms provided in the ordinance. Pending the preparation of definitive bonds, interim receipts or certificates in the form and with the provisions as provided in the ordinance may be issued to the purchaser of bonds sold pursuant to this chapter.

(d) The bonds and interim receipts or certificates are negotiable instruments under the laws of this state. Bonds and receipts and the authorization, issuance, sale and delivery thereof are not subject to any general law concerning bonds of municipalities. [IC 5-20-2-8, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-9. Covenants in bonds. — (a) Any ordinance authorizing the issuance of bonds or related trust indenture may contain covenants as to:

(1) The use and disposition of the revenues and receipts from any home mortgages for which the bonds are to be issued, including the creation and maintenance of reserves;

(2) The insurance to be carried on any home, home mortgage, or bonds and the use and disposition of insurance moneys;

(3) The appointment of one [1] or more banks or trust companies within or outside the state of Indiana, having the necessary trust powers, as trustee or custodian for the benefit of the bondholders, paying agent or bond registrar;

(4) The investment of any funds held by the trustee or custodian;

(5) The maximum interest rate payable on any home mortgage; and

(6) The terms and conditions upon which the holders of the bonds or any portion thereof, or any trustees therefor, are entitled to the appointment of a receiver by a court of competent jurisdiction, and these terms and conditions may provide that the receiver may enter and take possession of the home mortgages, or any part thereof, and maintain, sell or otherwise dispose of such mortgages, prescribe other payments and collect, receive and apply all income and revenues thereafter arising therefrom.

(b) Any ordinance authorizing the issuance of bonds or related trust indenture may provide that the principal of, premium, if any, and interest on any such bonds shall be secured by a mortgage, pledge, security interest, insurance agreement or indenture of trust covering such home mortgages for which the bonds are issued. Such mortgage, pledge, security interest, insurance agreement or indenture of trust may contain such covenants and agreements to safeguard the bonds as is provided for in the ordinance authorizing the bonds and shall be executed in the manner as may be provided for in the ordinance.

(c) The provisions of this chapter and any ordinance and any mortgage, pledge, security interest or indenture of trust shall constitute a contract with the holder of the bonds and continues in effect until the principal of, the interest on, and the redemption premiums, if any, on the bonds so issued have been fully paid or provision made therefor. The duties of this municipality and its governing body and officers under this chapter, any ordinance, and any mortgage, pledge, security interest or indenture of trust shall be enforceable as provided in it by any bondholder by mandamus, foreclosure, or other appropriate suit, action or proceeding in any court of competent jurisdiction. However, the ordinance or any mortgage, pledge, security interest or indenture of trust under which the bonds are issued may provide that all remedies and rights to enforcement may be vested in a trustee (with full power of appointment) for the benefit of all the bondholders which trustee shall be subject to the control of a specified number of holders or owners of any outstanding bonds. [IC 5-20-2-9, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-10. Signatures of officers on bonds — Validity of bonds. — The bonds and any coupons shall bear the manual or facsimile signatures of the executive officer and the recording office of the municipality and any coupons shall bear the facsimile signature of one [1] or more of these officers. These signatures shall be the valid and binding signatures of these officers, notwithstanding that before delivery and payment, any or all of the individuals whose signatures appear have ceased to be officers of the municipality issuing the bonds. The validity of the bonds is not dependent on nor affected by the validity or regularity of any proceedings relating to the home mortgages for which the bonds are issued. The ordinance authorizing the bonds may provide that the bonds shall contain a recital that they are issued pursuant to this chapter, which recital shall be conclusive evidence of their validity and of the regularity of their issuance. [IC 5-20-2-10, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-11. Bond lien. — Bonds issued under this chapter and the interest on them may be secured by a pledge of or lien upon the revenues and receipts derived from or in connection with the home mortgages or from any notes or other obligations of lending institutions with respect to which the bonds have been issued. The governing body may provide in the ordinance authorizing the bonds for the issuance of additional bonds to be equally and ratably secured by a lien upon these revenues and receipts. [IC 5-20-2-11, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-12. Liability for bonds. — All bonds issued under this chapter and the interest on them are limited obligations of the municipality payable solely from the revenues and receipts derived from or in connection with the home mortgages, from any notes or other obligations of lending institutions with respect to which these bonds are issued, or from the proceeds of these bonds or refunding bonds and the investment income from them. No holder of any bonds issued under this chapter has the right to compel any exercise of the taxing power of the municipality to pay the bonds or the interest or redemption premium, if any, thereon. The bonds are not an indebtedness of the municipality or a loan of its credit within the meaning of any constitutional or statutory limitation. Nor shall the bonds be construed to create any moral obligation on the part of the municipality with respect to their payment. It shall be plainly stated on the face of each bond that it has been issued under the provisions of this chapter and that it does not constitute an indebtedness of the municipality or a loan of its credit within the meaning of any constitutional or statutory limitation. [IC 5-20-2-12, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-13. Exemptions from bidding or contract award requirements. — Any requirement of competitive bidding or restriction imposed on the procedure for award of contracts for the sale or other disposition of property of the municipality is not applicable to any action taken under authority of this chapter. [IC 5-20-2-3, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-14. Tax exemption for bonds. — All bonds and interim receipts or certificates, proceeds received by a holder from the sale of them to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, proceeds received at maturity, and interest thereon, are exempt from taxation in the state of Indiana for all purposes except the state inheritance tax. [IC 5-20-2-14, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-15. Tax exemption for municipalities. — All home mortgages and notes or other obligations of lending institutions executed pursuant to this chapter and the revenues and receipts derived by a municipality therefrom are exempt from all taxation in the state of Indiana. [IC 5-20-2-15, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-16. Securities exemption. — All bonds and interim receipts or certificates authorized pursuant to this chapter are exempt from the provisions of IC 23-2-1 [23-2-1-1 — 23-2-1-21] or other securities registration laws. [IC 5-20-2-16, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-17. Antitrust exemption. — Transactions under this chapter are exempt from the provisions of IC 24-1 [24-1-1-1 — 24-1-4-4] or any other antitrust law, present or future, of the state. [IC 5-20-2-17, as added by Acts 1979, P.L. 47, § 1.]

5-20-2-18. Powers conferred as additional and supplemental — Effect of limitations imposed. — The powers conferred by this chapter are in addition and supplemental to, and the limitations imposed by this chapter shall not affect, the powers conferred by any other law of this state. Mortgages may be acquired, purchased and financed, and bonds may be issued under this chapter, notwithstanding that any other law may provide for the acquisition, purchase and financing of like-home mortgages, or the issuance of bonds for like purposes, and without regard to the requirements, restrictions, limitations or other provisions contained in any other law. [IC 5-20-2-18, as added by Acts 1979, P.L. 47, § 1.]

Effective Dates. — Acts 1979, P.L. 47, § 2, declared an emergency. Approved April 9, 1979.

Tow

DIGEST SHEET

TITLE OF ORDINANCE: Resolution R-80-06-02

DEPARTMENT REQUESTING ORDINANCE: Controller and Community Development & Planning

SYNOPSIS OF ORDINANCE: Resolution of City to issue mortgaged-backed housing revenue bonds to finance construction, rehabilitation and/or acquisition of residential dwelling units for persons of low or moderate income.

EFFECT OF PASSAGE: The making available of mortgage monies to persons of low or moderate income for residential housing units at tax exempt interest rates (estimated 2-4% less than standard mortgage interest rates). Stimulation of housing industry.

EFFECT OF NON-PASSAGE: Continued stagnation of housing industry and inability of persons of low and moderate income to acquire safe, decent housing.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS): No Tax Monies. Program funded by "revenue" bonds only up to $26,000,000.00

ASSIGNED TO COMMITTEE: